

## Message Text

CONFIDENTIAL

PAGE 01 RANGOO 00670 141125Z

45

ACTION EA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 PRS-01 USIA-06

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R 141011Z MAR 75

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 9288

C O N F I D E N T I A L RANGOON 0670

E.O. 11652: GDS

TAGS: PINT, ENGR, BM

SUBJECT: CABINET SHIFTS

1. SUMMARY: PEOPLE'S ASSEMBLY ELECTED TWO NEW MINISTERS MARCH 13 AND APPROVED FORMATION OF A NEW ENERGY MINISTRY. WHILE PORTFOLIOS FOR EACH NOT YET ANNOUNCED, WE UNDERSTAND THAT INCUMBENT INDUSTRY MINISTER MAUNG MAUNG KHA WILL SUCCEED DR. NYI NYI AT MINES, CURRENT DEPUTY INDUSTRY MINISTER MAUNG CHO WILL HEAD INDUSTRY MINISTRY NO. 2 (ENERGY) ALTHOUGH THERE IS STILL SOME CONFUSION ABOUT WHO WILL TAKE WHICH. ALL ARE EX-MILITARY. SHIFTS PRESENT NO REAL SURPRISES ALTHOUGH HLA AYE APPOINTMENT REGARDED BY SOME BSPP LEADERS AS ADVANCEMENT OF PARTY INTERESTS WITHIN CABINET. END SUMMARY.

2. AS ANTICIPATED, PEOPLE'S ASSEMBLY MARCH 14 ELECTED TWO NEW MEMBERS TO THE COUNCIL OF MINISTERS TO FILL VACANCIES RESULTING FROM REMOVAL OF MINISTER OF MINES DR. NYI NYI AND THE CREATION OF A NEW ENERGY MINISTRY (IDENTIFIED ONLY AS INDUSTRY MINISTRY NO.2), ALSO APPROVED BY THE ASSEMBLY. ELECTED TO THE COUNCIL ARE DEPUTY TRADE MINISTER COL. MAUNG CHO, YOUNGER BROTHER OF DEPUTY PRIME MINISTER U LWIN, AND EX-LT. COL. HLA AYE, CURRENTLY SECRETARY OF

CONFIDENTIAL

PAGE 02 RANGOO 00670 141125Z

THE BSPP AND PEOPLE'S ASSEMBLY INDUSTRY AND NATURAL RESOURCES

CENTRAL AFFAIRS COMMITTEES. WHILE THERE IS SOME CONFUSION ABOUT WHO WILL OCCUPY WHICH POSITION, WE NOW UNDERSTAND MAUNG CHO BECOMES MINISTER OF HEAVY INDUSTRY AND HLA AYE HEAD OF THE NEW ENERGY MINISTRY (LATTER WILL APPARENTLY ASSUME CONTROL OF THE ELECTRIC POWER CORPORATION, TRADE CORPORATION NO. 17 (MINERAL PRODUCTS), FUEL DISTRIBUTION RESPONSIBILITIES OF THE MOC AND COAL RESOURCE DEVELOPMENT, PETROLEUM EXPLORATION AND PRODUCTION REPORTEDLY WILL REMAIN WITH THE MOC AND THE MINISTRY OF MINES.) IT IS REPORTED THAT DR. NYI NYI WILL BE SUCCEDED AT THE MINES MINISTRY BY THE INCUMBENT INDUSTRY MINISTER EX-LT.COL. MAUNG MAUNG KAH ALTHOUGH THIS HAS NOT BEEN ANNOUNCED OFFICIALLY EITHER.

3. SOME BIO DATA ON INDUSTRY AND MINES MINISTERS ALREADY AVAILABLE TO THE DEPARTMENT (SEE PUBLISHED REPORT ON MAUNG MAUNG KHA OF NOVEMBER 1972 AND EMBASSY'S BIO REPORT ON MAUNG CHO DATED DECEMBER 10, 1973.) HLA AYE, 47 YEAR OLD EX-AIR FORCE LT.COL., IS FROM THE PROME REGION. HE RECEIVED A BS IN ENGINEERING FROM RASU AND JOINED THE BAF IN 1952. HE WAS PROMOTED TO LT.COL. IN 1967 AND SERVED AS CHAIRMAN OF THE REGIONAL BSPP COMMITTEE FOR SAGAING DIVISION. HE WAS ELECTED TO THE CENTRAL COMMITTEE OF THE BSPP IN 1973. SENIOR PARTY MEMBERS REPORTEDLY REGARD HIS NEW APPOINTMENT AS AN ADVANCEMENT OF PARTY (RATHER THAN MILITARY) INTERESTS WITHIN THE CABINET DESPITE HIS MILITARY BACKGROUND.

4. CABINET SHIFTS REPRESENT NO REAL SURPRISES. MAUNG MAUNG KHA HAS SERVED AS INDUSTRY MINISTER SINCE SEPTEMBER 1972 AND MAUNG CHO AS HIS DEPUTY FOR THE SAME PERIOD. HLA AYE WAS WIDELY RUMORED TO BE IN LINE FOR A MINISTER OR DEPUTY MINISTER POSITION WHEN THE NEW GOVERNMENT STRUCTURE WAS INSTITUTED A YEAR AGO. ALL ARE EX-MILITARY WITH PROVEN LOYALTY TO PRESIDENT NE WIN. WHILE WE HAVE LITTLE INFORMATION ON THE PERSONAL VIEWS OF MAUNG MAUNG KHA, WHO AS MINES MINISTER WILL APPARENTLY CONTINUE TO BEAR RESPONSIBILITY FOR OFFSHORE PETROLEUM EXPLORATION, WE NOTE THAT HE IS QUITE WIDELY TRAVELLED (INCLUDING THE US) AND THUS MAY HAVE A BETTER THAN AVERAGE COMPREHENSION OF THE PROBLEMS FACING THE FOREIGN FIRMS OPERATING HERE.

5. THE QUESTION REMAINS AS TO WHY THE NEW ENERGY MINISTRY WAS CREATED. IT IS KNOWN THAT THE FORMATION OF A SEPARATE ENERGY OR NATURAL RESOURCES MINISTRY HAS BEEN UNDER DISCUSSION WITHIN THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 RANGOO 00670 141125Z

GUB FOR A YEAR AND THIS COULD SIMPLY REPRESENT AN EFFORT TO ORGANIZE THE GOVERNMENT'S ENERGY ACTIVITIES ALONG FUNCTIONAL LINES.  
OSBORN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CABINET, BIOGRAPHIC INFORMATION, PERSONNEL MOVEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975RANGOO00670  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750090-0058  
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**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 JUL 2003 by KelleyW0>; APPROVED <13 NOV 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CABINET SHIFTS  
**TAGS:** PINT, ENRG, PGOV, BM, (MAUNG MAUNG KHA), (MAUNG CHO), (HLA AYE)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006